

## Message Text

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44

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 SAJ-01 OES-03 PA-01 PRS-01 /086 W

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R 101205Z JUL 75

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 5971

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

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E.O. 11652: N/A

TAGS: ETRD, PL

SUBJECT: GIEREK AND JAROSZEWICZ REACT TO FOREIGN TRADE DEFICITS

1. SPEAKING AGIN IN TANDEM(SEE WARSAW  
4255) ON A MAJOR ECONOMIC ISSUE, GIEREK AND JAROSZEWICZ  
ON JULY 4 TOLD A CONFERENCE OF ECONOMIC LEADERS THAT  
POLAND'S FOREIGN-TRADE PERFORMANCE MUST BE IMPROVED.  
THEY ARGUED STRONGLY THAT THE TIME HAS COME TO UTILIZE  
THE MACHINERY AND TECHNOLOGY IMPORTS OF THE LAST FOUR  
YEARS TO INCREASE EXPORT PRODUCTION. POLANDS POLICY OF  
DRAWING ON FOREIGN CREDITS FOR INDUSTRIAL MODERNIZATION  
WILL CONTINUE, BUT CREDITS MUST BE SELF-LIGUIDATING AND  
EXPORT INDUSTRIES WILL BE GIVEN PRIORITY ACCESS TO  
INVESTMENT FUNDS. JAROSZEWICZ DENIED THAT POLANDS  
EXPORT PROBLEMS COULD BE LAMED ENTIRELY ON WESTERN  
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RECESSION AND CALLED FOR A MORE DISCIPLINED APPROACH

TO EXPORT PRODUCTION. HE ALSO ANNOUNCED A NEW CAMPAIGN, BEGINNING AUGUST 1, TO REVIEW THE EFFECTIVENESS OF IMPORTS.

2. IN CALLING FOR A SURVEY OF IMPORT PURCHASES AND THEIR ECONOMIC EFFECTIVENESS, JAROSZEWICZ SAID THE GOVERNMENT WILL NOT LIMIT IMPORTS OF SUPPLIES FOR PRODUCTION OR OF EQUIPMENT FOR THE MODERNIZATION AND EXPANSION OF INDUSTRIES THAT ARE EXCEEDING THEIR EXPORT COMMITMENTS. HE STRESSED, HOWEVER, THAT ALL ENTERPRISES MUST BECOME CONSCIOUS OF THE "OBVIOUS TRUTH THAT WITHOUT AN INCREASE IN EXPORTS THERE CANNOT AND WILL NOT BE AN INCREASE IN IMPORTS...."

3. THE COORDINATING LEVEL FOR FOREIGN-ECONOMIC COOPERATION IS TO BE RAISED, EXPANDING THE ROLE OF CENTRAL AUTHORITIES AS PROPOSED IN A PLAN DEVELOPED BY THE MINISTRY OF FOREIGN TRADE AND MARITIME ECONOMY. NO DETAILS OF THE PLAN, WHICH HAS NOT YET BEEN FORMALLY ADOPTED WERE GIVEN. ACCORDING TO GIEREK, IT WILL NOT LIMIT THE "INITIATIVES AND ACTIVITIES" OF INDIVIDUAL ORGANIZATIONS.

4. COMMENT: POLAND MOUNTING TRADE DEFICIT WITH THE WEST, WHICH HAS BEEN A SOURCE OF OFFICIAL CONCERN FOR MANY MONTHS, NOW APPEARS TO BE EVOKING CONCRETE RESPONSES FROM SENIOR POLICY-MAKERS. ALTHOUGH WE HAVE HEARD REPORTS OF SPENDING CUTBACKS AND WE SUSPECT SOME LARGE PROJECTS ARE BEING DELAYED IN AN EFFORT TO CONSERVE FOREIGN EXCHANGE, GIEREK'S MENTION OF PLANS TO STRENGTHEN THE ROLE OF CENTRAL AUTHORITIES IN DEALING WITH FOREIGN PARTNERS AND JAROSZEWICZ'S CALL FOR A STUDY OF IMPORT EFFECTIVENESS, ARE THE FIRST PUBLICLY-ANNOUNCED POLICY CHANGES DESIGNED TO DEAL WITH THE TRADE DEFICIT. THE TIMING OF THE IMPORT SURVEY SUGGESTS THE GOVERNMENT HOPES TO HAVE SUFFICIENT DATA IN HAND TO PREPARE A REVISED IMPORT POLICY BEFORE THE SEVENTH PARTY CONGRESS.

DAVIES

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## Message Attributes

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**To:** STATE  
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